

Date:

Lender's Name

Street Address:

City/State:

Legal Description of Property:

**Commitment No.:**

Closing Protection Letter related to Division Closer \_\_\_\_\_ (name and participation number)

**I. Coverage.** When a Commitment and Certificate of the Title Guaranty Division of the Iowa Finance Authority (the Division) is specified for your protection in connection with closing the Iowa real estate transaction specified above, in which you are to be the lender secured by a mortgage (including any other security instrument) of an interest in land, the Division, subject to the conditions, exclusions and limitations set forth below, hereby agrees to reimburse you for actual loss incurred by you in connection with the closing when conducted by a Title Guaranty Participating Attorney or Participating Abstractor authorized by the Division to close Division Commitments under protection of a Closing Protection Letter (Division Closer) when such loss arises out of:

- A.** Failure by the Division Closer to comply with written closing instructions of the person to whom a proposed title guaranty is to be issued when agreed to by the Division Closer to the extent that they relate to (1) the status of the title to said interest in land or the validity, enforceability and priority of the lien of said mortgage on said interest in land, including the obtaining of documents and the disbursements of funds necessary to establish such status of title or lien, or (2) the obtaining of any other document, specifically required by you, but only to the extent the failure to obtain such other document affects the status of the title to said interest in land or the validity, enforceability and priority of the lien of said mortgage on said interest in land, or
- B.** Fraud or dishonesty of the Division Closer in handling your funds or documents in connection with such closings to the extent such fraud or dishonesty relates to the status of the title to said interest in land or to the validity, enforceability, and priority of the lien of said mortgage on said interest in land.

If you are a lender protected under the foregoing paragraph, your borrower shall be protected as if this letter were addressed to your borrower, provided your borrower receives a Division Owner's Certificate in connection with the real estate transaction specified above.

The total amount of coverage shall not exceed the amount of the Commitment or Title Guaranty to be issued. Liability under the Closing Protection Letter shall be coextensive with liability under the Certificate to be issued in connection with a transaction such that payments under the terms of the Closing Protection Letter shall reduce by the same

amount the liability under the Title Guaranty Certificate and payment under the Title Guaranty Certificate shall reduce the liability under the terms of this Closing Protection Letter.

## **II. Conditions and Exclusions.**

- A. The Division issues Commitments and Certificates pursuant to Iowa Code Section 16.91 and nothing in this Closing Protection Letter or your written closing instructions or oral closing instructions shall create any liability or requirement for the Division or a Division Closer as regards title coverage outside of the authority provided in Iowa Code Section 16.91, 16.93 and the rules promulgated there under.
- B. The Division will not be liable to you for loss arising out of:
  - 1. Failure of the Division Closer to comply with your closing instructions which require Title Guaranty protection inconsistent with that set forth in the Commitment issued by the Division. Instructions which require the removal of specific exceptions to title or compliance with the requirements contained in said Commitment shall not be deemed to be inconsistent.
  - 2. Loss or impairment of your funds in the course of collection or while on deposit with a bank due to bank failure, insolvency or suspension, except such as shall result from failure of the Division Closer to comply with your written closing instructions to deposit the funds in a bank which you designate by name.
  - 3. Mechanic's and materialmen's liens in connection with your purchase or lease or construction loan transactions, except to the extent that protection against such liens is afforded by a Division Commitment.
  - 4. Matters created, suffered, assumed or agreed to by you and/or your agents or employees.
  - 5. Failure of the Division Closer to comply with your written closing instructions to the extent such instructions require a determination by the Division Closer of the validity, enforceability or effectiveness of any document contemplated under paragraph I(A)(2) above.
- C. A Division Commitment must have been received by you prior to the transmission of your final closing instructions to the Division Closer.
- D. When the Division shall have reimbursed you pursuant to this letter, it shall be subrogated to all rights remedies which you would have had against any person or property had you not been so reimbursed. Liability of the Division for such

reimbursement shall be reduced to the extent that you have knowingly and voluntarily impaired the value of such right of subrogation.

- E. Any liability of the Division for loss incurred by you in connection with closings of real estate transactions by Participating Attorney shall be limited to the protection provided by this letter. However, this letter shall not affect the protection afforded by a Division Commitment.
- F. Claims shall be made promptly in writing to the Title Guaranty Division at its principal office at 2015 Grand Avenue, Des Moines, IA, 50312. When the failure to give prompt notice shall prejudice the Division, then liability of the Division hereunder shall be reduced to the extent of such prejudice.
- G. The protection herein offered extends only to the above-referenced real property transaction as presented in the Division Commitment. This Closing Protection Letter does not provide any other coverage to indemnify against improper acts or omissions with regard to escrow, settlement, or closing services.

The protection offered herein will continue until canceled by written notice from the Division. The scope and effect of this letter is limited to a single transaction which is the closing on the Commitment referenced in the caption. Any previously issued Closing Protection Letter is hereby canceled.

Title Guaranty Division

By: \_\_\_\_\_  
Loyd Ogle, Director